



A Touchstone Energy Cooperative 

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May 27, 2008

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**PUBLIC SERVICE
COMMISSION**

Ms. Stephanie L. Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

Dear Ms. Stumbo:

RE: PSC Case No. 2008-00161

In accordance with the Commission's Order in Case No. 2008-00161 dated May 16, 2008, enclosed herewith are an original and six (6) copies of Blue Grass Energy Cooperative Corporation's tariff sheets for the Demand-Side Management Direct Load Control Program which shows the effective date and approval by authority of the Order.

Blue Grass Energy Cooperative Corporation is requesting an effective date of June 2, 2008.

Please return a stamped copy of this tariff to me.

If you have any questions about this filing, please feel free to contact me.

Very truly yours,

A handwritten signature in cursive script that reads "J. Donald Smothers".

J. Donald Smothers
Vice President Financial Services and CFO

Direct Load Control of Water Heaters Program

Direct Load Control of Air-Conditioners Program

Purpose

The Direct Load Control of Water Heaters and Air Conditioners will encourage the reduction in growth of peak demand, enabling the Company to utilize its system more efficiently and defer the construction of new generation.

Availability

Both the Direct Load Control of Water Heaters Program and the Direct Load Control of Air Conditioners Program are available to residential customers in the service territories of Blue Grass Energy Cooperative Corporation. Availability may be denied where, in the judgment of the Blue Grass Energy Cooperative Corporation, installation of the load control equipment is impractical.

Eligibility

To qualify for these Programs, the participant must be located in the service territory of Blue Grass Energy Cooperative Corporation and have central air conditioning or heat pump units and/or 40-gallon (minimum) electric water heating units. The above appliances may be electrically cycled or interrupted in accordance with the rules of this Tariff.

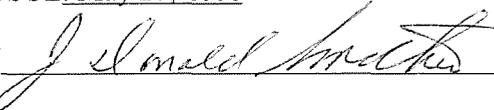
Incentive - Direct Load Control of Water Heaters Program

Blue Grass Energy Cooperative Corporation will provide an incentive to the participants in this program. Blue Grass Energy Cooperative Corporation will credit the residential power bill of the participant \$10.00 per water heater each year. The participant will receive this credit regardless of whether the water heater is cycled during the month.

DATE OF ISSUE: May 27, 2008

DATE EFFECTIVE: June 2, 2008

ISSUED BY



TITLE: Vice President & CFO

Blue Grass Energy Cooperative Corporation

Incentive - Direct Load Control of Air-Conditioners Program

Blue Grass Energy Cooperative Corporation will provide an incentive to the participants in this program. The customer may select one of two alternatives. One, Blue Grass Energy Cooperative Corporation will credit the residential power bill of the participant \$20.00 per air conditioner (\$5 per summer months, June, July, August, and September). Two, alternatively, EKPC, on behalf of Blue Grass Energy Cooperative Corporation will provide and install at no cost a digital thermostat for the participant. The participant will receive one of these incentives regardless of whether the air conditioner or heat pump is controlled during the month.

Time Period for the Direct Load Control of Water Heaters Program

A load control switch will be placed on the water heater and may be electrically interrupted for a maximum time period of four hours.

East Kentucky Power Cooperative ("EKPC") will cycle the water heaters only during the hours listed below.

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	6:00 a.m. to 12:00 noon 4:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

Time Period for the Direct Load Control of Air Conditioners

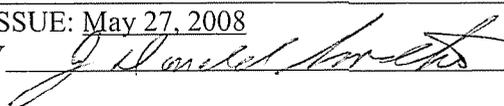
A load control device (switch or thermostat) will be placed on each central air conditioning unit or heat pump that will allow the operating characteristics of the unit to be modified (by cycling the unit off for periods of time up to 15 minutes, or by adjusting the temperature setting on the thermostat) to reduce demand on the system.

EKPC will control the air conditioning units and heat pumps only during its summer on-peak billing hours listed below.

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
May through September	10:00 a.m. to 10:00 p.m.

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Case No. 2008-00161 Dated May 16, 2008

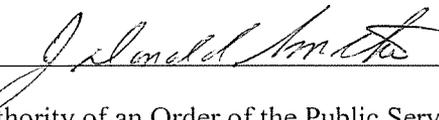
Terms and Conditions

1. If a participant decides to withdraw from the program(s) or change to another load control option, Blue Grass Energy Cooperative Corporation will endeavor to implement the change as soon as possible.
2. Prior to the installation of load control devices, Blue Grass Energy Cooperative Corporation may inspect the participant's electrical equipment to insure good repair and working condition, but Blue Grass Energy Cooperative Corporation shall not be responsible for the repair or maintenance of the electrical equipment.
3. Blue Grass Energy Cooperative Corporation will install, own, and maintain the load management devices controlling the participant's air conditioner or water heater. The participant must allow Blue Grass Energy Cooperative Corporation reasonable access to install, maintain, inspect, test and remove load control devices. Inability of Blue Grass Energy Cooperative Corporation to gain access to the load management device to perform any of the above activities for a period exceeding 30 days may, at Blue Grass Energy Cooperative Corporation's option, result in discontinuance of credits under this tariff until such time as Blue Grass Energy Cooperative Corporation is able to gain the required access.
4. Participants in the Pilot program will have the opportunity to participate in this program. Equipment already installed on the premises may be used as part of this program.

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